

## DRILL RIG VALUATION INSTRUCTIONS

It is the responsibility of the taxpayer to certify to you the manufactured year of the rig, the manufacturer's depth rating and whether the rig is mechanical or electrical.

**Note: If you have any questions concerning the assessment of this type of property contact the central office in Helena.**

### Valuation

The replacement cost new (RCN) is determined by the manufacturer's depth rating.

Apply the Trended % Good from the depreciation schedule to the RCN to determine the market value. The Trended % Good to be used is determined by the year the rig was manufactured.

**Example:** The taxpayer has a mechanical drill rig manufactured in 2005 with a manufacturer's depth rating of 13,500'. Using the Depth Rating schedule you determine the RCN to be \$1,538,500. The % Good for 2005 is 77%.

$$1,538,500 \times 77\% = \$1,184,645 \text{ market value}$$

$$1,184,645 \times 3\% = \$ 35,539 \text{ taxable value}$$

Your Orion entry should look like this:

The screenshot displays the Orion software interface for property appraisal. The window title is "18-000000TEST-001 Personal Property - Strict Personal - Test 56". The main header shows "18-000000TEST-001 Personal Property - Strict Personal" with an "Appraisal" tab selected. Below the header, there are tabs for "General", "Ownership", "Exemptions", "Assessments", "Appraisal", "Transfers", "Appeals", "Water Rights", and "Documents". The "Appraisal" tab is active, showing property details for "P607632 (NEW)" with a "Legal" status. The owner is listed as "FARMER JOHN(00053632)" and the tax year is "2009". The situs is "Situs" and the "As Of" date is "12/31/2008".

The main content area shows a tree view of property categories: "Lease and Rental Property (0)", "PP Oil and Gas (0)", "Workover/Service/Drill Rigs (3)", and "Industrial Property (0)". Under "Workover/Service/Drill Rigs (3)", three items are listed: "1. Tbl/Sub Tbl 01/01 Workover Rig, Make/Mdl/Type, Depth Rating 6000, Yr New 2007", "2. Tbl/Sub Tbl 03/02 Cable Tool Rig, Make/Mdl/Type, Depth Rating 1, Yr New 1995", and "3. Tbl/Sub Tbl 05/01 Mechanical Drill Rig, Make/Mdl/Type, Depth Rating 13500, Yr New 2005". The third item is selected.

Below the tree view, the "Mkt Value" is displayed as "\$1,184,645". The "Workover/Service/Drill Rig Detail" section contains the following information:

Tbl/Sub Tbl	05/01 Mechanical Drill Rig	Description		Class Code	6520
Quantity		Make/Mdl/Type		<input type="checkbox"/>	Revised taxpayer reported detail
Year New	2005	Year Acquired		<input type="checkbox"/>	Special mobile equipment
Depth Rating	13,500	Acquired Cost		Comments	
Override Value and Reason					
Ovr Reason		Override Value		Comments	
Incentive Program					
Type		Year Granted		Converted Value	
Calculation Detail					
Market Value	\$1,184,645	RCN	\$1,538,500	Age	4
Other Information				Depr Table	PPWSDR2
Message				Pct Good	77
Mkt Value: \$1,184,645					

The bottom of the screenshot shows the Windows taskbar with the system clock at "1/2/2009 10:12am" and the taskbar containing several open applications including "2 Microsoft Office...", "Appraisal Home - ...", "18-000000TEST-0...", "3 Microsoft Office...", and "2009 Manual".

### DRILL RIG DEPRECIATION SCHEDULE

This schedule is to be used from January 1, 2009 through December 31, 2009, (reference ARM 42.21.140).

The following schedules will be used to arrive at market value when assessing a drill rig.

<u>YEAR</u>	<u>TRENDED % GOOD</u>
2009	100%
2008	92%
2007	87%
2006	83%
2005	77%
2004	72%
2003	63%
2002	46%
2001	40%
2000	32%
1999 and older	27%

### DEPTH CATEGORIES AND REPLACEMENT COST NEW

Use the appropriate column from the RCN table depending on whether the rig is Mechanical or Electrical.

Manufacturer's Depth Rating	Electrical RCN	Mechanical RCN
0 – 3,000		285,209
3,001 – 5,000		432,135
5,001 – 7, 500	868,250	654,750
7,501 – 10,000	1,167,210	998,750
10,001 – 12,500	1,265,500	1,130,600
12,501 – 15,000	1,720,400	1,538,500
15,501 – 20,000	1,990,100	
20,001 & Greater	2,036,047	

<u>Property Type</u>	<u>Class Code</u>	<u>Property Class</u>	<u>Taxable Percentage</u>
Drill Rigs	6520	8	3%